



WILLIAMSBURGH

HOUSING ASSOCIATION

RISK MANAGEMENT POLICY

Revision Date	Reviewer(s)	Review Date	Description of Revision
March 2022	SMT	March 2025	To update existing policy
March 2023	SMT	March 2026	Minor amendments

1. Introduction

This document sets out Williamsburgh Housing Association (WHA) policy for Risk Management and outlines the key objectives, strategies, and responsibilities for the management of risk across the organisation.

Risk can be broadly defined as any event or action that prevents WHA from maintaining good performance and/or from meeting pre-set targets, goals and plans and/or results in loss being incurred.

Risk Management can be broadly defined as the process whereby WHA can maximise its gains, its good performance, and the ability to achieve targets and minimise losses.

WHA's approach to Risk Management is the process of :

- Identifying risks
- Analysing risks
- Prioritising risks
- Treating risks
- Monitoring risks

WHA recognises that risk is inherent and unavoidable in every activity that WHA undertakes. WHA regards effective risk management as an essential component of good governance, business strategy and must be an embedded mainstream activity which informs strategic decisions allowing WHA to maintain its commitment to continuous improvement and sustained viability.

WHA is committed to the proactive management of risk, and view this as a key responsibility of all employees. Discharging these responsibilities through implementation of this Policy will significantly assist WHA continue to meet and deliver its corporate objectives without jeopardising its:

- Reputation.
- Financial Viability.
- Assets and Resources, and the
- Provision of affordable, high quality housing services
- Management of data assets though privacy by design

2. Regulatory Compliance

This policy is aimed at demonstrating compliance with the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management, in particular Standards 3 and 4:

Standard 3

The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.

Standard 4

The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.

4.1: "The governing body ensures it receives good quality information and advice from staff and, where necessary, expert independent advisers, that is timely and appropriate to its strategic role and decisions. The governing body is able to evidence any of its decisions."

4.2: "The governing body challenges and holds the senior officer to account for their performance in achieving the RSL's purpose and objectives."

4.3: "The governing body identifies risks that might prevent it from achieving the RSL's purpose and has effective strategies and systems for risk management and mitigation, internal control and audit".

This Policy is also linked to various other WHA policies:

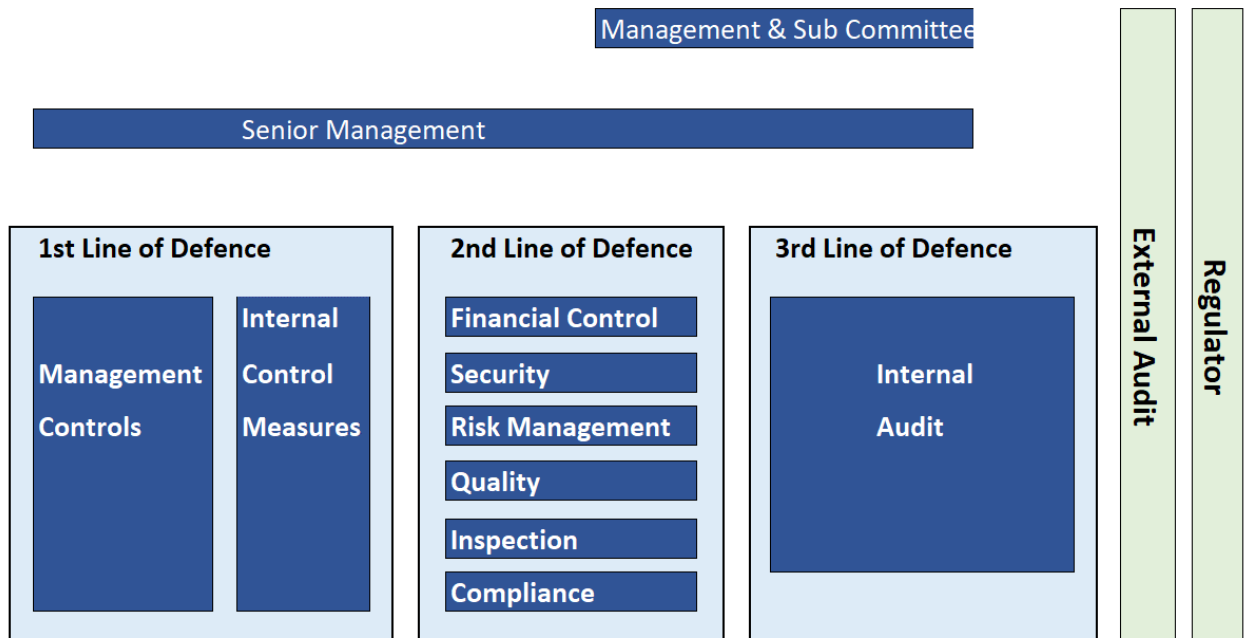
- Financial Regulations Policy
- Treasury Management
- Fraud Policy
- Bribery Policy
- Health and Safety Policy
- Disaster Recovery Policy
- Data Protection Policy

WHA endeavours to have a clear understanding of the main risks, the trigger points and the effectiveness of the mitigation strategies which are in place. WHA will ensure a comprehensive risk review takes place.

3. Risk Management

WHA has a framework of controls in place to support the management of risk as shown in the three lines of defence diagram below:

The Three Lines of Defence Model



The following steps are followed in our Risk Management process:

Identifying risks ; recognising and understanding potential hazards relevant to our organisation within the social housing sector. This is done by WHA personnel and co-ordinated by management team by using various risk gathering techniques (e.g. brainstorming, past incident review, use of external consultants etc). It is essential that those personnel involved in risk identification have an understanding of risk and risk management through good training.

Furthermore we consider it good practice to identify risks in the context of the wider risk environment, by means of a PEST (Political, Economical, Social and Technological) analysis as identified within our business plan.

Analysing risks ; Once a risk has been identified it needs to be analysed. It is important to understand the link between the risk and different factors within WHA. To determine the severity and seriousness of the risk it is necessary to see how many business functions the risk affects. There are risks that can bring the whole business to a standstill if realised, while there are risks that will only be minor inconvenience. This process is carried out by WHA personnel and management team by mapping risks to different business processes.

Prioritising risks; Risks need to be ranked and prioritised. Some risks may cause minor inconvenience and as such are ranked low risk, however others can result in catastrophic loss therefore are ranked the highest. WHA management team are responsible for prioritising risks.

Treating risks; Every risk needs to be eliminated or contained as much as possible. The Management team discuss and agree on an implementation plan to mitigate risks as much as possible.

Monitoring risks; WHA, by using an Alexander Sloan risk register template, report to Management Committee regularly, a visual representation of the current level of risk facing WHA. Risk levels can be reviewed at a strategic level without detailed analysis yet also without being overly simplistic. The risk register assesses controls in place and where these may not be adequate and identifies action to be taken to manage, eliminate or control risks and allocates responsibilities to a senior manager. It shows the current assessed status of the key risks and their desired/achievable status.

4. Risk Template

The risk template provided by Alexander Sloan is used to record and report risks as follows:

Risk is assessed on both its likelihood of occurrence and the impact if it should occur. There are five levels in each category.

Likelihood	Score	Definition
Rare	1	A 10% or less chance of occurrence in the coming year.
Unlikely	2	Has between a 10% and 30% chance of occurrence.
Possible	3	Has between a 30% and 60% chance of occurrence.
Probable	4	Has between a 60% and 90% chance of occurrence.
Almost Certain	5	An above 90% chance of occurrence in the coming year.

Impact	Score	Definition
Insignificant	1	Minor inconvenience - no affect in achievement of objectives.
Minor	2	Inconvenient - but no impact on achievement of major objectives.
Moderate	3	Stop achievement of objective(s) for a limited period.
Major	4	Prevent achievement of major objectives for prolonged period.
Catastrophic	5	Results in the failure of the Association.

Risk Parameters

The following risk thresholds have been set, based on the scores and definitions identified on the previous page:

- The point at which a risk becomes unacceptable.
- The point below which a risk is acceptable.
- The level at which a risk is considered significant and requires to be assessed and monitored on a frequent basis.

The following parameters (**likelihood x impact**) and definitions are set by the Committee.


Inherent Risk ; Is the likelihood and the consequence of a risk occurring if the Association had no controlling action in place.

Residual Risk; Is the risk remaining in terms of likelihood and consequence after the Association has put an appropriate controlling action in place.

Definitions ; WHA has considered the levels of risk that it considers to be acceptable and defines risk under the following categories:

- **Unacceptable ;** WHA must take immediate action to manage as it is above the set risk tolerance level. WHA will not undertake a risk that cannot be reduced to an acceptable level. WHA considers unacceptable risk to have a risk score **above 15**.
- **Issue ;** A risk that is assessed as an issue requires a controlling action to manage and reduce that risk.
- **Acceptable ;** Risks are classed as either significant, or insignificant. Controlling actions are not prescribed to insignificant risks as it would be an ineffective use of resources. WHA considers acceptable risk to have a risk score **below 15**.
- **Significant Risk;** This level of risk should be transferred from the overall risk register to the Main Register in order for it to be more closely monitored. A risk that is scored at or **above 11** is classed as significant.

Definitions used in Risk Assessments

						
LIKLIHOOD OF RISK	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	2	3	4	5
		CONSEQUENCE OF RISK				

Overall Risk Register

The risks identified in the overall risk register are regularly reviewed and risks that are no longer relevant are removed whilst new or emerging risks are added.

The inherent risk is assessed using the definitions. Inherent risk is the risk before any controlling action has been taken.

The impact of the controlling action is then assessed in the Residual Risk assessment. The residual risk is the risk that remains after a control has been implemented. The control may reduce the likelihood of a risk occurring or lessen the impact should it occur.

No risk should be undertaken if its residual risk score is above the acceptable level set by the Board. If a residual risk is assessed as unacceptable, urgent action should be taken to reduce the risk or avoid it all together.

Risks above the significant risk level are automatically transferred to Individual Risk templates and onto the Main Risk Register.

Individual Risk Templates

Individual risk templates are completed for each of the significant risk. The following is recorded on the risk templates:

- The person or persons responsible for managing the risk.
- How often it should be reviewed, bearing in mind its significance and nature (i.e. the likelihood that it will change).
- Any practical changes that could be made that could improve the situation and reduce risk.

The inherent and residual risks are re-assessed after each review period.

Main Risk Register

This risk register contains only significant risks. The register is reported to the Committee on a quarterly basis.

5. Responsibilities

WHA's Management Committee has ultimate responsibility for the management of risk. The Chief Executive has overall responsibility for risk management for WHA with the Management team having day to day responsibility for the system of internal controls, including risk management.

	Develop the RM Policy	Approve the RM Policy	Implement the RM Policy	Update the Risk Register	Review Risk Register	Review RM Policy effectiveness
Management Committee	✓	✓	✓		✓	✓
Senior Management Team	✓		✓	✓	✓	✓
All employees			✓	✓	✓	✓
External and Internal auditors					✓	✓

Risk Management process and policy must be embedded in the culture of WHA and should meet both conceptually and operationally the following criteria.

- It must be widely accepted and fully understood by all in the organisation.
- It should not simply be performed mechanically nor performed sporadically.
- It should generate benefits (i.e. the lowering of risk).
- Continuous communication to all personnel on its successes and failures.

The review of the embedding of the risk management process and culture is addressed via the annual assurance report. The day to day embedding of the process relies heavily on the senior management.

6. Summary

The Risk Management Policy will be reviewed every three years (from the date of approval) by WHA's Management Committee. The review process will ensure its continuing suitability, adequacy and effectiveness or as required by the introduction of new legislation or regulation that impacts on WHA's obligations in regard to risk management, changes to business practices or in the light of management system changes.